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[CLICK HERE FOR CEO's REPORT DATED DECEMBER 22, 2009](#)

[CLICK HERE FOR CEO's REPORT DATED FEBRUARY 23, 2010](#)

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County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

November 6, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

STATUS REPORT ON LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE

On September 29, 2009, on a motion by Supervisors Antonovich and Molina, your Board directed the Chief Executive Office (CEO) to prepare a five-signature letter to the Mayor, City Council and the City Controller of the City of Los Angeles (City), requesting that:

- The City cease pursuing the licensure and taxation of businesses located in unincorporated communities, or related enforcement action, until controls are put in place to ensure that such licensure is appropriate and lawful, and that businesses are being appropriately screened for proper jurisdiction;
- The Office of the City Controller conduct an audit of the City's Finance Business License Office, with specific emphasis on the adequacy of existing procedures and controls for verifying that licensees are appropriately screened for improper issuance of licenses or related enforcement actions against businesses located outside City boundaries, and to review the mechanism by which third-party vendors are contracted;
- The City's Office of Finance cooperate with the County Treasurer and Tax Collector (TTC) and Auditor-Controller on the following two items:

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- Convene a joint City/County Workgroup to examine and document the process by which City License Office staff identifies the government agency with controlling jurisdiction for licensing and taxing business and establish a formal mechanism for referring business owners to the appropriate jurisdiction;
- Quantify the total number of County businesses impacted by extra-jurisdictional licensure and taxation by obtaining and reviewing City records of business tax licenses and police alarm permits issued to entities outside the physical boundaries of the City.

The motion also instructed the CEO to report back to your Board within 30 days on actions taken to ensure that County-located businesses are not subject to further City licensure, taxation or enforcement action.

On October 5, 2009, staff from the CEO, Auditor-Controller and Treasurer-Tax Collector met with staff from the Office of Finance and the City Controller to discuss the issuance of Business Tax Registration Certificates (BTRC). At this meeting, staff from the City's Office of Finance explained:

- The City collects business tax as a revenue source, not as a license or regulatory function.
- Businesses located outside of City limits (which include individuals, partnerships, corporations, self-employed independent contractors, rental property owners and home-based businesses) are subject to the City's business tax if they conduct business with or within the City.
- The business tax is self-reported and based on the percentage of gross receipts earned within City limits.
- Some types of businesses are exempt from paying business taxes over a specified period, but the business owner still must register with the City's Office of Finance. Exemptions include certain new businesses, small businesses, and creative artists.
- The maximum gross receipts amount to qualify for Small Business Exemption is \$100,000 per year.

- The database system the City uses to issue BTRCs to businesses is organized by zip code.
- Prior to 2004, addresses were checked manually. After 2004, addresses are checked through an electronic mapping system.
- The City is aware that there are businesses located in commercial corridors on or very near the City/unincorporated area borders (i.e. Universal Studios City Walk). Such areas require further detailed examination as the specific jurisdiction is not always apparent to City staff and/or the affected businesses.
- The City offers refunds, but the claims must be made within one year from the date of payment.

The City's BTRC is based on a tax intended to generate revenue and dates back to the 1930s. By contrast, County Business Licenses are required for businesses that are subject to County health or safety regulations. It is possible for a business to have both a County business license and a City BTRC. For example, a catering business located in an unincorporated area that prepares food for companies or events located in the City would be regulated by the County, but would also pay the City's BTRC based on that portion of the catering business done within City limits.

The joint workgroup met a second time on October 21, 2009 to discuss technological feasibility and compatibility of City and County databases in an attempt to quantify the number of County businesses that have been impacted by the City's BTRC requirements:

- The County's Urban Research Unit agreed to supply the most updated list of zip codes of all unincorporated areas. Subsequently, this list was sent to the City's Office of Finance on October 22, 2009;
- On November 2, 2009, the City's Office of Finance released a list containing 132,067 business records which lie within the zip codes. Their list contains the business name, DBA, address, and BTRC number. However, the list does not contain a complete history of fees as this is considered confidential;
- TTC will compare the City's information with TTC's records and investigate any discrepancies, such as locations of businesses along the City/unincorporated area border.

Obtaining police permit records was also discussed at this meeting, but this issue will be dealt with separately. It involves other City offices that are not part of this joint workgroup. The Los Angeles Police Department Commission Investigation Division (CID) is the agency responsible for approving and issuing police permits. As of October 27, 2009, the Office of Finance has engaged in preliminarily discussions with the City Attorney's Office to review the list of police alarm permits. Our office is awaiting the City Attorney's response regarding whether this information is confidential or can be released. The City staff is conducting an internal review of the police permits.

This office will continue its joint effort approach with staff from Auditor-Controller, Treasurer and Tax Collector, the Office of Finance and the City Controller to disperse public outreach information to the impacted business owners in order to resolve any BTRC-related issues. Additional meetings will be held with City staff in November to develop a public outreach plan. This information will be shared with the Board offices as it is developed.

RECOMMENDATION

Given that we are getting good cooperation from the City, and are progressing steadily on this important issue, we recommend that the County staff continue this established working relationship to resolve the issues raised in the motion.

In order to provide a comprehensive report to your Board regarding the unincorporated area businesses impacted by the City's BTRC requirements, we respectfully request a 45-day extension from the original due date specified on your motion to December 14, 2009 to continue:

- Collecting and exchanging all relevant information from the departments within the County/City Workgroup and accurately quantifying the number of County impacted businesses;
- Working with the City to clean up the Office of Finance's database;
- Developing a cost-effective, public outreach campaign to create awareness of BTRC exemptions and help County business owners to obtain refunds as appropriate; and
- Reviewing and resolving the police permit issue.

Each Supervisor
November 6, 2009
Page 5

Should you have any questions regarding this memorandum, please contact me or your staff may contact Gevork Simdjian at (213) 893-9736 or via email at gsimdjian@ceo.lacounty.gov.

WTF:ES
GS:LG:cg

c: Auditor-Controller
Acting County Counsel
Executive Officer, Board of Supervisors
Treasurer-Tax Collector



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Fourth District

MICHAEL D. ANTONOVICH
Fifth District

December 22, 2009

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

STATUS REPORT ON LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE

On September 29, 2009, on a motion by Supervisors Antonovich and Molina, your Board directed the Chief Executive Office (CEO) to prepare a five-signature letter to the Mayor, City Council and the City Controller of the City of Los Angeles (City), requesting that:

- The City cease pursuing the licensure and taxation of businesses located in unincorporated communities, or related enforcement action, until controls are put in place to ensure that such licensure is appropriate and lawful, and that businesses are being appropriately screened for proper jurisdiction;
- The Office of the City Controller conduct an audit of the City's Finance Business License Office, with specific emphasis on the adequacy of existing procedures and controls for verifying that licensees are appropriately screened for improper issuance of licenses or related enforcement actions against businesses located outside City boundaries, and to review the mechanism by which third-party vendors are contracted;
- The City's Office of Finance cooperate with the County Treasurer and Tax Collector (TTC) and Auditor-Controller on the following two items:
 - Convene a joint City/County workgroup to examine and document the process by which City License Office staff identifies the government agency with controlling jurisdiction for licensing and taxing businesses and

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establish a formal mechanism for referring business owners to the appropriate jurisdiction;

- Quantify the total number of County businesses impacted by extra-jurisdictional licensure and taxation by obtaining and reviewing City records of business tax licenses and police alarm permits issued to entities outside the physical boundaries of the City.

On November 6, 2009, we provided your Board with a status report stating that there are several reasons why a business located outside of the City limits might be issued a Business Tax Registration Certificate (BTRC). In addition, we reported that we are making good progress with the City to resolve the issues raised in the motion and subsequently deferred from sending a five-signature letter at that time. We also stated that we would provide your Board with a comprehensive report regarding the unincorporated area businesses impacted by the City's BTRC requirements.

On-Going Activities

Our office requested the current list of all businesses with a BTRC whose addresses contain the zip code of an unincorporated area. Subsequently, we received a list from the City's Office of Finance containing 132,067 business records. In order to accurately verify proper jurisdictional boundaries, the Internal Services Department's Urban Research (UR) Unit assessed these business addresses by comparing them against County records using a variety of GIS based programs. On November 18, 2009, UR finished the comparison of the records and provided our office with the following seven geo-coded reports:

Report #1 – County Address Misallocations

Contains 377 business addresses that the City considers inside their boundaries. However, UR software determined they are within unincorporated areas of the County.

Report #2 - County Address Good Allocations

Contains 5,330 business addresses that the City considers outside of their boundaries and UR software determined they are within unincorporated areas of the County.

Report #3 - City Address Misallocations

Contains 1,320 business addresses that the City considers outside of their boundaries. However, UR software determined they are within the City's boundaries.

Report #4 – Invalid Addresses

Contains 350 business addresses that UR software could not determine the jurisdiction because the address is either a PO Box, or it contains a typo or misspelling in one of the fields.

Report #5 - City Address Good Allocations

Contains 118,330 business addresses that the City considers inside of their boundaries and UR software concurs.

Report #6 - Other City Address Misallocations

Contains 184 business addresses that the City considers inside of their boundaries. However, UR software determined that they are neither in the City, nor in the County.

Report #7 - Other City Address Good Allocations

Contains 6,176 business addresses that the City considers outside of their boundaries and UR software determined that they are not within the unincorporated areas of the County.

In order to thoroughly clean up the Office of Finance's database, the joint workgroup wants to continually meet to:

- Discuss how UR determined which businesses lay within the respective jurisdictional boundaries.
- Investigate the source of the jurisdictional discrepancies found in UR reports.
- Resolve the issues related to these discrepancies to prevent any future errors.

Staff from TTC, who are familiar with the Business License Program, will be conducting a review of the businesses. Since the County Business License Ordinance is a regulatory ordinance and not a taxing ordinance like the City of Los Angeles, many of the business activities that would require a City Business License do not require a County Business License. TTC will review the businesses in Reports 1, 2 and 3 to first determine if their activities require a County Business License and secondly if they have an existing County Business License or need to apply for one. In addition, TTC will re-affirm that the businesses listed in Report 6 are located outside of the unincorporated areas of the County.

Each Supervisor
December 22, 2009
Page 4

Additionally, staff members from the CEO and TTC are working collaboratively to design a new, informational pamphlet to share with Business Owners inquiring about County Business Licenses. The Business License application links on TTC's website will be modified to include additional helpful information by January 1, 2010. Once these changes are in place, we plan to share our pamphlets and links with the City and request the City update and revise their BTRC website and related materials.

We plan to return to your Board with a status report by February 13, 2010 regarding the resolutions of the joint work group, the results of the review, and the execution of the public awareness outreach.

Other Related Issues

Since the initial status report, our office has reviewed the current information available online and in person for the County and the City business owners. Neither the County nor the City describes jurisdictional boundaries in any of their materials. It is essential for business owners and the public to understand the definition of jurisdiction and to verify their proper jurisdiction. As a preventive measure against erroneous licensure and taxation, our revised materials will help define jurisdiction and provide resources for those who want to verify their jurisdiction.

Since there are several reasons a business located in an unincorporated area might be required to obtain a BTRC, further action must be taken in an effort to identify which of these businesses are appropriately paying for a City BTRC and which businesses, if any, require a County Business License.

Should you have any questions regarding this memorandum, please contact me or your staff may contact Gevork Simdjian at (213) 893-9736 or via email at gsimdjian@ceo.lacounty.gov.

WTF:EFS
GS:LG:cg

c: Auditor-Controller
Internal Services Department
Treasurer and Tax Collector



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WILLIAM T FUJIOKA
Chief Executive Officer

February 23, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

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STATUS REPORT ON LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE

This status report is in response to the motion by Supervisors Antonovich and Molina on September 29, 2009, in which your Board directed the Chief Executive Office (CEO) to convene a joint City/County Workgroup to: examine and document the process by which the City's Business License staff identifies the government agency with controlling jurisdiction for licensing and taxing businesses, establish a formal mechanism for referring business owners to the appropriate jurisdiction, and quantify the number of County businesses impacted by extra licensure.

The departments that comprise the joint City/County Workgroup, CEO, Auditor-Controller, Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the City's Office of Finance, have established a cooperative working relationship to resolve the core issues related to the erroneous issuance of Business Tax Registration Certificates (BTRC) to unincorporated area businesses. On November 6, 2009 and on December 22, 2009, we provided your Board with interim status reports regarding the progress of our collaborative actions.

The CEO and TTC redesigned and revised an informational brochure entitled, "Applying for a Los Angeles County Business License" (Attachment A) to emphasize the need to verify jurisdiction and differentiate County Business Licenses from other city licenses. Hard copies of this informational brochure are available at TTC's public counter and the Office of Finance's public counter. Also, additional copies were provided for all Supervisorial Districts to distribute at their respective field offices. In addition, both TTC and the Office of Finance have updated their websites' "Frequently Asked Questions" to include the information in the revised brochure. We have also requested that the County's Office of Small Business distribute these brochures to business owners who attend the quarterly "Local Small Business Forums."

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Both jurisdictions understand that numerous County unincorporated area boundaries and zip codes overlap with those of unincorporated areas of the City. To prevent erroneous licensure, both jurisdictions share an obligation to: educate business owners about the definition of jurisdiction, provide them with the resources to accurately verify jurisdiction, and assist them in acquiring the appropriate license(s) for their business(es).

By cross-checking the coordinates of business addresses provided by the Office of Finance and utilizing GIS-based software programs, the County's Urban Research (UR) Unit has found that there are 7,027 business addresses (out of 132,067) that may be impacted by erroneous licensure. The business addresses fall into one of three categories:

- 377 addresses that the City considers inside their boundaries; UR's software determined these are within the unincorporated areas.
- 5,330 addresses that the City considers outside their boundaries; UR's software determined these are within the unincorporated areas.
- 1,320 addresses that the City considers outside their boundaries; UR's software determined these are within the City's boundaries.

A percentage of the businesses described above may have a City BTRC for legitimate reasons. Staff from TTC is currently reviewing these businesses to verify the location of the business as either City or unincorporated area, and to determine if the unincorporated area businesses require a City license, a County license, or both.

TTC staff is making commendable progress on their review of 7,027 businesses and our Office will share their findings with your Board once the review is complete. Going forward, our Office will provide ongoing status updates to your Board regarding County impacted businesses and our public outreach efforts.

WTF:ES
GS:LG:cg

Attachment

c: Auditor-Controller
Internal Services Department
Treasurer and Tax Collector

LIST OF BUSINESS ACTIVITIES THAT REQUIRE A LOS ANGELES COUNTY BUSINESS LICENSE

Acupressure Establishment	Laundrette
Acupressurist	Live Poultry Dealer
Ambulance Operator	Livery Stable
Ambulance Vehicle	Locksmith
Ambulette Attendant	Lumberyard
Ambulette Driver	Manager
Ambulette Operator	Massage Parlor
Ambulette Vehicle	Massage Technician
Apartment House	Mechanical Rides
Auto Body and Fender	Medical Marijuana Dispensary
Auto Paint Shop	Model Studio
Auto Repair	Motor Vehicle Rental
Billiard Room	Motorcycle Contest
Bingo Manager	Off-Road Vehicles
Bingo Operator	Oil Tool Exchange
Bingo Supplier	Outdoor Festival
Boarding House	Pawnbroker
Body Art/Piercing/Tattoo	Peddler, Commercial Motor Vehicle
Bookstore	Peddler, Special Events
Bottle Works	Picnic Park
Bottlewashing	Picture Arcade
Bowling Alley	Plant Nursery
Card and Game Club	Pony Ride
Carnival	Private School
Carnival Game Booth	Public Eating
Circus or Traveling Show	Rebound Tumbling
Close Out Sale	Rendering Plant
Coin-Operated Game	Rifle Range
Coin-Operated Phonograph	Rodeo
Cold Storage Warehouse	Salvage Collector
Dance	Salvage Dealer
Demonstrator	Sawmill
Entertainment	Secondhand Dealer
Escort Bureau	Sex-Oriented Business
Exhibition	Shooting Gallery
Explosives	Skating Rink
Fertilizer Plant	Solicitor
Filling Station	Sound/Advertising Truck
Food Establishment	Swimming Pool, Public
Foundry	Taxi Dance Hall
Funeral Escort Driver	Taxi Dance Instructor
Funeral Escort Service	Taxicab Driver or Operator
Game Arcade	Taxicab Vehicle
Gas and Oil Tanker	Theater
Gun Dealer	Tow Truck
Hay, Grain, Feed Dealer	Trade-In Dealer
Health Spa	Vacation Certificate
Hog Ranch	Valet Parking Service
Horsemeat, Uncooked	Water Taxi Operator
Hotel/Motel	Weed Eradicator
Identification Card	

NOTES

ATTACHMENT A



APPLYING FOR A LOS ANGELES COUNTY BUSINESS LICENSE



Treasurer and Tax Collector

MAIN OFFICE

Downtown Los Angeles
225 N. Hill Street, Room 109
Los Angeles, CA 90012

Telephone: (213) 974-2011
Days: Mon. through Fri.
Hours 8:00 a.m.-5:00 p.m.

VALENCIA OFFICE

23757 Valencia Boulevard
Valencia, CA 91355

Telephone: (661) 253-7342
Days: Mon. & Wed. only
Hours: 8:00 a.m.-4:30 p.m.

LANCASTER OFFICE

335A East Avenue K-6
Lancaster, CA 93535

Telephone: (661) 723-7342
Days: Tues., Thurs., & Fri.
Hours: 8:00 a.m.-4:30 p.m.

http://ttc.lacounty.gov/Proptax/Business_License.htm

WHAT YOU NEED TO KNOW BEFORE YOU APPLY FOR A COUNTY BUSINESS LICENSE

- ◆ Not all business activities require a Business License. Business activities that require a County Business License are listed on the inside flap of this brochure.
- ◆ If your business activity is listed, you must obtain a license before you can operate. Failure to obtain a Business License is a misdemeanor.
- ◆ Verify the jurisdiction where your business is located. A County Business License is required if your business is located in an unincorporated area of Los Angeles County or in one of the following cities: Agoura Hills, Calabasas, Malibu, Santa Clarita or Westlake Village..
- ◆ If you are unsure if your business is located in an area licensed by the County, you may wish to contact the Department of Regional Planning, Land Development Coordinating Center (LDCC) at: (213) 974-6311.

-OR-

Visit them at: 320 West Temple Street
Room 1360
Los Angeles, CA 90012

Please note, the business hours of the LDCC are:
Monday, Tuesday and Thursday from 7:30 a.m.-5:30 p.m.
and Wednesday from 8:30 a.m.-5:30 p.m.
Their office is closed every Friday.

- ◆ Applications may be filed in person at any of the three Business License Offices of the Treasurer and Tax Collector. For your convenience, the locations and hours of operation of each Business License Office are listed in the front of this brochure.

Please note, the Valencia Office is closed on Tuesday, Thursday and Friday and the Lancaster Office is closed on Monday and Wednesday

- ◆ There is a non-refundable fee that is due at the time you file your application.
- ◆ Depending on the nature of the business activity to be conducted, you may be required to submit photographs, fingerprints, documents, proof of insurance and/or special forms in addition to a Business License application.

FREQUENTLY ASKED QUESTIONS (FAQs)

What do you mean by jurisdiction?

- ◆ Jurisdiction means the limits or territory within which the local government's authority may be exercised.

Why is it important to be aware of my jurisdiction?

- ◆ It is important to be aware of your jurisdiction so that you do not end up unintentionally paying for unnecessary licenses or taxes. The fee for a County Business License is neither a tax on your business nor based on your gross receipts. The fee covers the County's cost to process your application and for periodic inspections to ensure that the public's health and welfare is not adversely impacted, whereas a license or tax issued by a city is often imposed to generate revenue.

What do you mean by unincorporated area?

- ◆ There are 88 incorporated cities within Los Angeles County, each with its own city council. More than 65 percent of Los Angeles County is unincorporated. For the 1 million people living in these areas, the Board of Supervisors and County Departments provide the municipal services. The list of incorporated cities can be found on the LA County homepage at: <http://portal.lacounty.gov/wps/portal/lac/residents/cities>. The areas that are not part of these cities are considered to be unincorporated County territory. Since there are more than 60 zip codes in LA County that cross county/city boundaries, zip codes cannot always accurately indicate if you are located in an unincorporated area.

If I already have a County Business License, do I also need a City License?

- ◆ Depending on several factors: your business activities, the place you conduct your business, etc., you may need to obtain one or the other or both. The two documents are not the same.

ATTACHMENT A FREQUENTLY ASKED QUESTIONS (FAQs)

...Continued from the previous page

Generally, if a business is subject to County health or safety requirements, a Los Angeles County Business License is required.

How long does it take to obtain a County Business License?

- ◆ This depends upon the type of business license required. Some licenses are granted immediately while others may require the approval of County agencies such as: the Fire Department, the Sheriff's Department, the Department of Health Services and the Department of Regional Planning. In addition, some licenses require final approval by the Business License Commission.

After I obtain a license, when does it expire?

- ◆ Licenses expire after one year. Prior to the expiration date, you will receive a bill for renewal. If you pay the renewal fee within 60 days, you will receive a new license. However, some business licenses require an annual renewal hearing before the Business License Commission.

Will the renewal fee be the same amount as the initial application fee?

- ◆ In the majority of cases, the renewal fee is less than the original application fee. The renewal fee must be paid within 60 days. If it is not paid within 60 days, you must apply for a new license and pay the fee for a new application.

What if I have additional questions about Business License application requirements?

- ◆ For more information concerning the application requirements, please contact any Business License Office by phone or in-person during its regular business hours.



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WILLIAM T FUJIOKA
Chief Executive Officer

November 15, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

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Fifth District

FOURTH AND FINAL REPORT ON LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATES AND LOS ANGELES POLICE ALARM PERMITS

This is the fourth and final report in response to the motion by Supervisors Antonovich and Molina on September 29, 2009, in which your Board directed the Chief Executive Office (CEO) to convene a joint Los Angeles City/Los Angeles County workgroup to:

- Examine and document the process by which the Los Angeles City (City) license office staff identifies the government agency with controlling jurisdiction for licensing and taxing businesses;
- Establish a formal mechanism for referring business owners to the appropriate jurisdiction; and
- Quantify the number of Los Angeles County (County) businesses impacted by extra licensure.

In order to better serve County business owners and residents, two separate studies were conducted: one which focused on the issuance of Business Tax Registration Certificates (BTRC) and one that focused on the issuance of Los Angeles Police Department (LAPD) Alarm Permits.

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Business Tax Registration Certificates Study

The departments that comprise the joint City/County workgroup established a cooperative working relationship to resolve many of the core issues related to the erroneous issuance of BTRCs to unincorporated area businesses. Our Office has provided three previous status reports dated November 6, 2009, December 22, 2009, and February 23, 2010, regarding the progress of the joint City/County workgroup's collaborative actions.

The preliminary findings of our study of the unincorporated area businesses with City BTRCs indicated that a number of these businesses may have a BTRC for legitimate reasons. As discussed in our previous status reports, there are several reasons why a business located outside of the City limits may be required to obtain a BTRC.

As part of our public outreach, this Office and the Treasurer and Tax Collector (TTC) redesigned and revised the informational brochure "Applying for a Los Angeles County Business License" to emphasize the need to verify jurisdiction and differentiate a County Business License from other city licenses. The brochure was updated to include more current contact information and helpful links. In addition, hundreds of copies of the new brochure were printed for distribution at the public counters located at TTC, the City's Office of Finance, and each of the Supervisorial Districts' field offices. TTC's website was also updated to include frequently asked questions, additional resources, and information regarding jurisdiction and the difference between a County Business License and a City BTRC.

Inspectors from TTC's Revenue and Enforcement Section conducted an extensive review of the businesses in the unincorporated areas that have a City BTRC in order to:

- Re-verify the location of the business.
- Determine what type of property on which the business is located.
- Have an inspector verify the location of the property and/or business activity and follow up if a County Business License was needed.
- Determine if the unincorporated area businesses required a County Business License in addition to the BTRC.

Of the 5,707 businesses that the Internal Services Department's Urban Research (UR) Geographic Information Systems (GIS) based software determined were part of the County's jurisdiction, TTC staff was able to confirm that:

- 3,017 of the businesses did **not** need a County Business License because they were home-based businesses.
- 2,493 of the businesses did **not** need a County Business License based on their business activity or because they were no longer in business.
- More than 1,900 of the 5,510 businesses that did **not** need a County Business License (based on their business activity or because they were home-based), appeared to be itinerant in nature. These itinerant businesses **may** need a City BTRC for providing a delivery, pick-up, at-home and/or catering service within the City. The actual number of itinerant businesses may be greater than 1,900 because some types of itinerant businesses are difficult to quantify. This is especially true of home-based businesses.
- 129 already had a County Business License.
- 40 additional businesses were identified as needing a County Business License. To date, 35 are in the process of being issued a County Business License and the remaining 5 were issued Notices of Violation.
- One business address could not be located using Regional Planning's GIS Net and the Assessor's Property Search, because it was either invalid or no longer exists.
- Interestingly, 27 of the addresses were identified as having two parcels associated with the address; one being in the City and one being in the County. The Department of Regional Planning and the Registrar-Recorder/County Clerk have been notified of these addresses.

TTC also verified UR's findings that the locations of the 1,320 "City Address Misallocation" addresses were within the City's jurisdiction and not part of the County's jurisdiction. None of these addresses located within the City were required to have a County Business License.

Whenever TTC staff comes across a business with a BTRC in an unincorporated area that does not appear to travel, they encourage the business owners to contact the City's Office of Finance to verify if a BTRC is needed. Business owners must file the appropriate paperwork with the City Clerk in order to obtain a refund for erroneously issued BTRCs. The County cannot obtain refunds on behalf of these business owners because refunds require detailed information and original signatures.

Los Angeles Police Department Alarm Permit Study

Our Office concurrently conducted a study on the issuance of erroneous LAPD Alarm Permits. The LAPD Alarm Permit study utilized a similar strategy as the BTRC study. A key difference between the two studies, however, is the alarm permit study involved working with the Offices of the City Attorney and LAPD Commission in addition to the Office of Finance, whereas the BTRC study did not include the involvement of the first two aforementioned offices.

We requested that the City provide a list of all LAPD Alarm Permit holders whose addresses contain the zip code of an unincorporated area. Subsequently, we received a list from the City's Office of Finance containing the records of 45,362 business owners and residents who have obtained LAPD Alarm Permits.

In order to accurately verify proper jurisdictional boundaries, UR assessed these business addresses by comparing them against County records using GIS-based software. UR completed the comparison of the records and provided our Office with geo-coded reports which indicated that of the 45,362 records:

- 44,199 of the addresses were within City boundaries.
- 636 of the addresses were within County unincorporated area boundaries.
- 527 addresses were either invalid or belonged to another city other than Los Angeles.

The results of the study affirmed that since the LAPD does not service County unincorporated areas, an LAPD Alarm Permit is not required in these areas. When questioned why alarm permits are issued to residents and businesses in unincorporated areas, staff from the Police Commission explained that their current internal procedures prevent new permits outside of City limits from being issued, however, an older, automated system sends out renewal notices to all existing alarm permit holders. In order to obtain a refund for erroneously issued alarm permits, the current alarm permit holder must sign and submit a Claim for Refund form to the Office of the City Clerk within one year of his/her payment.

A letter was mailed out on October 28, 2010, in order to inform the 636 alarm permit holders in the County unincorporated areas that they may be eligible for a refund for an erroneously issued alarm permit. The letter outlined the Alarm Permit study, resources on how to determine if they are serviced by the Los Angeles County Sheriff's

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Department, and information on how to obtain a refund from the City. As an extra courtesy, we included a hardcopy of the City's Claim for Refund form (which is also available online) and the contact information to the Office of Finance if they need additional copies.

As of November 10, 2010, eight letters have been returned to our Office as undeliverable by the United States Postal Service.

Conclusion and Lessons Learned

A major reason for erroneous licenses and permits is because the City and the County unincorporated areas share so many borders and zip codes that jurisdictional boundaries can cause confusion. Today, constituents and staff in both the City and the County have access to GIS-based programs that can help verify jurisdiction. Staff members at the City are fully aware that County residents and business owners may have been impacted by extra licensure and permits. However, the residents and businesses must submit a Claim for Refund form in order to receive a refund.

Going forward, we expect that the number of erroneous licenses and permits will decrease as long as we continue to educate our constituents about jurisdiction and the different types of licenses and permits.

WTF:BC:EFS

GS:LG:cg

c: County Counsel
Executive Office, Board of Supervisors
Internal Services
Regional Planning
Treasurer and Tax Collector